GE file

CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D.C. 20505

7 APR 1982

MEMORANDUM FOR: Dr. Stephen D. Bryen
Dep. Assistant Secretary
International Economic, Trade
and Security Policy
Department of Defense

SUBJECT : NATO Country Economic Summaries [redacted] 25X1

1. Attached are the NATO Country Economic Summaries requested by 15 April in your 19 March ACTION MEMORANDUM and by 7 April in a subsequent telephone call. If you have any further questions or if we can be of further assistance, please call [redacted] 25X1

[redacted] 25X1

Director
European Analysis

Attachment:
as stated

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FRANCE: GENERAL ECONOMIC DATA

25X1

Population (1981): 57.71 Million   GDP Purchaser's Value/Capita: $10,657

Total Output (Billion $US -1981 Exch Rate)	1978	1979	1980	1981*
GDP (Purchaser's Value - Current Prices)	393.9	448.9	507.4	572.4
GDP (Constant Prices - % Change by Year)	3.7	3.5	1.3	0.7
Cost-of-Living Index (1975 = 100)	131.0	145.0	164.1	186.0

[redacted] The left's loss of seats to the center-right in the recent local elections is widely viewed as the end of the prolonged political honeymoon enjoyed by President Mitterrand's governing coalition. Nonetheless, the Socialists remain by far the most popular party in France, while the Communists' continued electoral weakness tends to further diminish their influence on national policy. 25X1

[redacted] The Mitterrand government's main concern is that its quick implementation of structural reforms and expansionary measures is not translating into sustained economic recovery. The government aims to generate a 3-percent real growth rate for 1982 through deficit spending, but an increase of between 2 and 2.5 percent is more likely. Despite the priority Paris accords to reducing unemployment, the jobless rate has reached 8.2 percent and continues to rise, albeit at a slower pace in recent months. The rate of price increases in 1982 will probably equal last year's 14 percent, whereas the rate in most other western industrial countries will be coming down. The specter of a widening inflation gap has convinced Paris to try to limit the 1982 and 1983 budget deficits to 3 percent of GDP, but because GDP is expected to grow, this policy will still allow the absolute size of the deficit to rise. Most worrisome of all is that the private sector does not yet appear to be responding to the government's investment incentives; little improvement is likely this year over last year's 7-percent decline in investment as long as increased social charges continue to squeeze profit margins. 25X1

[redacted] So far, the trade deficit shows little sign of improving over 1981, and the Socialist economic program has resulted in continuing weakness in the franc. The government is defending the franc within the EMS, but another devaluation appears inevitable. A further devaluation would boost exports, but import demand, as a result of the government's expansionary measures, has been rising rapidly since late last year.

Trade and Payments (Billion $US, BOP Basis)	1978	1979	1980	1981*
Exports of Goods and Services	119.6	151.8	161.0	156.0
Imports of Goods and Services	112.6	146.6	164.7	159.2
Balance of Goods and Services	7.0	5.1	-3.7	-3.2
Current Account Balance	3.7	1.2	-7.9	-7.5
Long-Term Capital	-3.1	-5.4	-8.4	-11.4
Total Reserves Minus Gold	9.3	17.6	27.3	22.3

* Estimated

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WEST GERMANY: GENERAL ECONOMIC DATA

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Population (1981): 61.7 Million GDP Purchaser's Value/Capita: $10,614

Total Output (Billion $US - 1981 Exch Rate)	1978	1979	1980	1981*
GDP (Purchaser's Value - Current Prices)	569.2	616.8	658.8	654.8
GDP (Constant Prices - % Change by Year)	3.6	4.5	1.8	-0.3
Cost-of-Living Index (1975 = 100)	111	116	122	129

[redacted] After declining 0.3 percent in 1981, real GNP is expected to grow 1.5 percent in 1982, with most of the improvement coming toward the end of the year. Inflation should fall to 5 percent from 5.5 percent in 1981. 25X1

[redacted] A strong export performance will continue to be the mainstay of the economy; last year the trade surplus rose to $10 billion and it will nearly double in 1982, bringing the current account into balance. The competitiveness of West German industrial exports has increased by 12 percent over last year because of price and exchange rate developments.

[redacted] Domestic demand is stagnant and unemployment is over 1.6 million (6.1 25X1 percent) -- a 30-year high. Furthermore, unemployment will continue to rise through most of 1982 because of rapid labor force growth coupled with the slow increase in output.

[redacted] Economic policy has been restrictive in an effort to hold down budget 25X1 deficits, reduce the inflation rate, and protect the value of the currency. Bonn plans only a 3.2-percent increase in nominal expenditures for 1982. However, the central bank has eased interest rates cautiously since October, reducing the special Lombard rate to 9.5 percent from 12 percent. Slow reductions in interest rates are aimed at encouraging job-creating investment while avoiding large capital outflows.

TRADE AND PAYMENTS (Billion $US, BOP Basis)	1978	1979	1980	1981*
Exports of Goods and Services	174.8	209.4	237.4	224.5
Imports of Goods and Services	157.5	205.0	241.5	220.3
Balance on Goods and Services	17.3	4.4	-4.2	-4.2
Current Account Balance	9.0	-6.2	-15.8	-7.6
Long-Term Capital	-1.5	5.9	3.6	4.4
Total Reserves Minus Gold (yearend)	48.5	52.5	48.0	43.7

* Preliminary.

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ITALY: GENERAL ECONOMIC DATA

Population (1980): 57.04 Million GDP Purchaser's Value/Capita: $6910

Total Output (Billion $US - 1981 Exch Rate)	1978	1979	1980	1981*
GDP (Purchaser's Value - Current Prices)	195.6	237.4	297.0	342.9
GDP (Constant Prices - % Change by Year)	2.7	4.9	4.0	-0.2
Cost-of-Living Index (1975 = 100)	153	176	213	253

[redacted] There is a good chance that the Spadolini government's primary economic goal -- reducing Italy's inflation from 1981's 19 percent to 16 percent this year -- will be realized. However, the Prime Minister's anti-inflationary policy instruments -- a social pact to limit labor costs and an austerity budget -- have had only a limited impact. Falling raw material prices and general economic doldrums have been far more consequential. After stagnation in 1981, the Italian economy is expected to grow about 1 percent this year. 25X1

[redacted] Since tight monetary policies partially condition the dreary growth outlook, political criticism of the Bank of Italy (BOI) has become increasingly frequent and harsh. The Socialists have been particularly outspoken, claiming that high interest rates are choking off needed investment in troubled industrial sectors. Treasury Minister Andreatta and the BOI contend, however, that following the Socialists' policy prescription of easy credit would endanger the lira and threaten to eliminate the $5 billion current account improvement now projected. Even if this improvement materializes, Italy's current account will remain in deficit for a third straight year. 25X1

[redacted] Poor economic prospects, together with the uncertain status of the social-pact discussions, have delayed the kick-off of the triennial labor contract negotiations. Traditionally starting in January, the date has been pushed back to April, and even that will probably slip. The pace-setting metalworkers union has, however, outlined its platform: a reduction in the workweek to 37.5 hours without a corresponding decrease in wages, increased information rights for employees, and greater professional recognition for skilled technicians. 25X1

Trade and Payments (Billion $US, BOP Basis)	1978	1979	1980	1981*
Exports of Goods and Services	71.7	94.8	104.9	98.1
Imports of Goods and Services	61.8	90.1	115.8	106.7
Balance of Goods and Services	9.9	4.7	-10.9	-8.6
Current Account Balance	9.1	5.1	-9.8	-7.5
Long-Term Capital	0.9	-1.0	0.1	2.0
Total Reserves Minus Gold (yearend)	11.1	18.2	23.1	20.1

* Estimated.

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CANADA: GENERAL ECONOMIC DATA

Population (1981) 24.03 Million GDP Purchaser's Value/Capita: $11,980

Total Output (Billion $US 1981 Exch Rate)	1978	1979	1980	1981*
GDP (Purchaser's Value - Current Prices)	196.7	225.0	248.8	287.9
GDP (Constant Prices - % Change by Year)	3.6	3.0	0.1	3.0
Cost-of-Living Index (1975 = 100)	127	138	152	171

[redacted] The economic downturn Canada experienced last year will extend through much of 1982. High interest rates and recent changes in the tax structure should continue to constrain investment activity, especially in the construction and energy industries. Consumer spending should be limited by rising unemployment and persistently high inflation that is eroding real wages. Real GNP is likely to grow by only 0.5 percent in 1982. A pickup in activity, led by increased export demand, could begin in late summer if the US economy recovers soon. 25X1

[redacted] Prime Minister Pierre Trudeau has singled out inflation as Canada's primary economic problem. His 1982 budget outlines a program of moderate fiscal and monetary restraint designed to slowly reduce the federal deficit and bring down inflation. His success may be limited. Much of his proposed budget reduction is accomplished by transferring some program financing responsibilities to the provinces, but he has already met resistance from provincial leaders on this proposal. Despite government efforts, high energy prices and large wage demands should keep inflation at about 11.5 percent for 1982. 25X1

[redacted] Canada's current account deficit reached a record $5.5 billion in 1981 due to a 35-percent increase in the services deficit and a substantial drop in the merchandise trade surplus. Increased exports and weak import demand will likely lead to an improvement in the merchandise surplus in 1982. However, much of this improvement could be offset by further declines in the services balance. Takeovers of foreign-owned oil companies resulting from Trudeau's Canadianization policy led to a record outflow of Canadian direct foreign investment abroad in 1981. The value of the Canadian dollar dropped nearly 2 cents in 1981, and downward pressure will remain as long as US interest rates stay high. 25X1

Trade and Payments (Billion $US, BOP Basis)	1978	1979	1980	1981*
Exports of Goods and Services	55.2	65.8	77.2	83.1
Imports of Goods and Services	59.5	70.6	79.9	89.0
Balance of Goods and Services	-4.3	-4.9	-2.7	-6.9
Current Account Balance	-4.1	-4.4	-1.6	-5.5
Long-Term Capital	1.1	1.2	0.8	0.9
Total Reserves Minus Gold (Yearend)	3.6	2.9	3.1	3.5

* Preliminary

[redacted] 25X1

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NETHERLANDS: GENERAL ECONOMIC DATA

Population (1980): 14.07 Million   GDP Purchaser's Value/Capita: $10,350

Total Output (Billion $US - 1981 Exch Rate)	1978	1979	1980	1981*
GDP (Purchaser's Value - Current Prices)	112.9	119.8	127.6	133.8
GDP (Constant Prices - % Change by Year)	2.1	2.3	1.0	-1.0
Cost-of-Living Index (1975 = 100)	121	126	134	143

Dutch real GNP declined in 1981; industrial production fell for the third straight year. Tight price controls and the uncertainty of a European recovery will stall investment again this year despite a general perception that the worst effects of the recession are now over. Wage restraint and rising unemployment will cut into consumer spending. Unemployment is worsening from already record levels and now stands at more than 10 percent of the work force, compared with 5.8 percent in 1980. 25X1

The draft 1982 budget, presented by the outgoing center-right coalition in September 1981, called for substantial reductions in social spending. The new center-left government continues to struggle with the budget and is finding it impossible to cut the deficit, reduce unemployment, stabilize taxes, and maintain purchasing power at the same time. As a result, the coalition's tenure could be cut short. The Labor Party has proposed higher income taxes to forestall budget cuts, a position opposed by its Christian Democrat and Democrat 1966 coalition partners. The goal of reducing the deficit from $7.3 billion in 1981 to $6.1 billion in 1982 is probably unreachable; the final deficit will probably be closer to $9.5 billion. 25X1

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The current account had been in the red for several years, but this trend was reversed in first-half 1981. An improving competitive position based on a low rate of growth in labor costs boosted export earnings, while depressed domestic consumption and investment slowed imports. Declining gas prices and sales will hurt export earnings in 1982 and could move the current account back to deficit.

TRADE AND PAYMENTS (Billion $US, BOP Basis)	1978	1979	1980	1981*
Exports of Goods and Services	63.7	81.0	95.8	88.9
Imports of Goods and Services	64.0	82.2	97.2	85.3
Balance of Goods and Services	-0.3	-1.2	-1.4	3.6
Current Account Balance	-1.4	-2.3	-2.8	2.0
Long-Term Capital	-2.4	-1.5	-0.2	-1.8
Total Reserves Minus Gold (yearend)	5.1	7.6	11.6	9.3

* Estimated.

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DENMARK: GENERAL ECONOMIC DATA

Population (1981): 5.13 Million GDP Purchaser's Value/Capita: $11,473

Total Output (Billion $US - 1981 Exch Rate)	1978	1979	1980	1981*
GDP (Purchaser's Value - Current Prices)	43.9	48.7	52.7	58.8
GDP (Constant Prices - $ Change by Year)	1.3	3.0	0.0	-0.5
Cost-of-Living Index (1975 = 100)	133.0	146.0	164.0	183.0

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The Danish economy remained weak in 1981, hitting the bottom of its recessionary trough in mid-year. The decline in real wages, consumption, and investment continued, while interest rates, the budget deficit, and foreign debt rose. Consumer prices were up nearly 12 percent; despite a rise in the number of public employees, the unemployment rate moved above 9 percent. Denmark's balance-of-payments deficit remains its key economic problem. Through a continuation of tight fiscal policy, moderation of wage demands, and minor currency devaluations, the government hopes to reduce the payments deficit without exacerbating unemployment.

A positive trade balance -- the first since 1972 -- reflected a weak domestic economy but an improved competitive position due to the fall of the Kroner. Despite poor international conditions, export volume rose 4.5 percent, while imports fell 6.2 percent. The improved trade account had only a marginal effect on the $12.8 billion current account deficit because of rapidly rising interest payments or foreign debt. 25X1

The government's current economic policy appears likely to continue through 1982 without major change, in part because Copenhagen wants to defer difficult issues until after the November communal elections. Moreover, policy options are constrained by weak foreign demand, high domestic unemployment, budget and balance-of-payments deficits, and popular hostility toward prepared cuts in public benefits. 25X1

TRADE AND PAYMENTS (Billion $US, BOP Basis)	1978	1979	1980	1981*
Exports of Goods and Services	17.1	21.2	24.2	29.9
Imports of Goods and Services	19.2	24.5	26.6	29.1
Balance of Goods and Services	-2.1	-3.3	-2.5	0.8
Current Account Balance	1.5	-2.9	-2.5	-1.8
Long-Term Capital	2.4	2.1	2.0	1.2
Total Reserves Minus Gold (yearend)	3.1	3.2	3.4	2.5

* Estimated.

25X1

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BELGIUM-LUXEMBOURG: GENERAL ECONOMIC DATA

BELGIUM

Population (1980): 9.90 Million   GDP Purchaser's Value/Capita: $12,030

Total Output (Billion $US - 1981 Exch Rate)	1978	1979	1980	1981*
GDP (Purchaser's Value - Current Prices)	82.3	87.3	93.8	100.0
GDP (Constant Prices - % Change by Year)	3.2	1.9	2.0	-1.6
Cost-of-Living Index (1975 = 100)	122	128	136	147

LUXEMBOURG

Population (1980): 0.36 Million   GDP Purchaser's Value/Capita: $11,970

Total Output (Billion $US - 1981 Exch Rate)	1978	1979	1980	1981*
GDP (Purchaser's Value - Current Prices)	3.0	3.4	3.6	3.9
GDP (Constant Prices - % Change by Year)	5.5	3.6	0.6	0.5
Cost-of-Living Index (1975 = 100)	121	126	134	145

High unemployment, growing government deficits, and a worsenin 25X1 foreign payments balance forced a decline in Belgian real GNP in 1981. Indexation of wages and most social benefits is adding to the government deficit and fueling inflation. Interest payments on national debt and increased outlays for unemployment compensation will leave nothing to cover expected wage demands by government workers. Despite planned austerity measures, the budget deficit will likely rise to $8 billion this year. 25X1

In March 1982, budgetary and inflation problems forced Brussels to devaluate the Belgian franc by 8.5 percent against other EMS currencies, to freeze prices for two months, and to remove wage indexation through June. The new policies may not be enough to sort out Belgium's problems. Conflicting economic policies and serious structural problems will test the fragile coalition, as recovery will depend on cutting government spending and putting a lid on wages. 25X1

Aging manufacturing industries in Wallonia, expecially textiles and steel, are dampening growth prospects. Continued aid to industry and rising unemployment threaten austerity and will postpone much-needed industrial restructuring. Plans to reorganize Belgian industries are complicated by the continuing language controversy between the Walloons and the Flemings.

TRADE AND PAYMENTS (BILLION $US, BOP Basis)**	1978	1989	1980	1981*
Exports of Goods and Services	56.2	73.5	88.9	87.8
Imports of Goods and Services	56.5	76.2	93.5	92.6
Balance of Goods and Services	-0.3	-2.3	-4.6	-4.8
Current Account Balance	-1.0	-3.1	-6.0	-6.0
Long-Term Capital	-0.3	0.5	4.0	5.7
Total Reserves Minus Gold (yearend)	4.0	5.4	7.8	4.9

* Estimated
** Belgium - Luxembourg

25X1

25X1

NORWAY: GENERAL ECONOMIC DATA

25X1

Population (1981): 4.09 Million   GDP Purchaser's Value/Capita: $12,078

Total Output (Billion $US - 1981 Exch Rate)	1978	1979	1980	1981*
GDP (Purchaser's Value - Current Prices)	37.1	41.2	49.3	49.4
GDP (Constant Prices - % Change by Year)	4.5	4.5	3.6	0.1
Cost-of-Living Index (1975 = 100)	129	135	150	170

The Norwegian economy is in a period of stagnation. Real GNP rose only slightly in 1981 and is expected to fall by 1 percent in 1982. Oil production, which accounts for about one-third of total exports and 15 percent of GNP, continues to be the mainstay of the economy. Non-oil industries, whose competitiveness has been hurt by rapid rises in prices and labor costs, will not offset export earnings lost as a result of declining oil prices. Export competitiveness will decline further this year unless wage increases can be held below 8 percent compared with 11 percent last year. 25X1

Despite slow growth, the unemployment rate remains below 2 percent -- one of the lowest in the OECD. Norway has been able to maintain low unemployment because the public sector has absorbed two-thirds of new entrants to the labor force. Stagnant or declining GNP over the next several years, as well as planned cutbacks in public spending, may result in sharply increased unemployment. 25X1

The government budget is currently in surplus because of revenues from oil and gas production. Nevertheless, because of inflation the new conservative government has announced a more restrictive fiscal policy for 1982. The Central Bank's independent monetary policy also will continue to restrain the growth of liquidity and moderate price and wage increases.

TRADE AND PAYMENTS (Billion $US, BOP Basis)	1978	1979	1980	1981*
Exports of Goods and Services	17.0	21.4	28.3	28.5
Imports of Goods and Servies	18.8	22.0	26.6	25.9
Balance of Goods and Services	-1.7	-0.9	1.6	2.8
Current Account Balance	-1.8	-0.7	1.5	2.6
Long-Term Capital	0.3	-0.1	-0.6	NA
Total Reserves Minus Gold (yearend)	2.9	4.2	6.0	6.3

* Estimated.

25X1

25X1

ICELAND: GENERAL ECONOMIC DATA

Population (1981): 230,000 GDP Purchaser's Value/Capita: $12,520

Total Output (Billion $US - 1981 Exch Rate)	1978	1979	1980	1981*
GDP (Purchaser's VAlue - Current Prices)	0.8	1.2	1.9	2.9
GDP (Constant Prices - % Change by Year)	4.4	2.9	2.8	1.2
Cost-of-Living Index (1975 = 100)	248.4	361.3	558.6	843.7

Real GDP grew a better-than-expected 1.2 percent last year as strong consumption and stable investment prevented an otherwise weak Icelandic economy from slipping into recession. The economy will remain sluggish in 1982 with little or no growth expected in exports. Foreign demand for aluminum and ferrosilicon is down and fish prices are not expected to rise substantially. 25X1

The country is making little progress in combating inflation; prices rose 50 percent last year, about the same as in 1980. Politically unable to curb spending or reduce monetary growth, the government has attempted unsuccessfully to hold down prices through controls and subsidies. 25X1

Rising imports coupled with falling exports put the trade balance back into deficit last year, after several years of surpluses, and caused the current account deficit to more than double. Unemployment remains one of the few bright spots in the economy, averaging only 0.4 percent in 1981. Although the jobless rate soared to 3.5 percent during a recent fishermen's strike, it is expected to remain below 1 percent for the remainder of 1982.

TRADE AND PAYMENTS (Billion $US BOP Basis)	1978	1979	1980	1981*
Exports of Goods and Services	0.91	1.09	1.23	1.14
Imports of Goods and Services	0.89	1.10	1.31	1.33
Balance of Goods and Services	0.02	-0.02	-0.08	-0.19
Current Account Balance	0.02	-0.02	-0.08	-0.19
Long-Term Capital	0.08	0.09	.16	0.15
Total Reserves minus Gold (yearend)	0.14	0.16	0.17	0.23

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* Estimated.

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PORTUGAL: GENERAL ECONOMIC DATA

Population (1981): 10.0 Million   GDP Purchaser's Value/Capita: $2,240

Total Output (Billion $US - 1981 Exch Rate)	1978	1979	1980	1981*
GDP (Purchaser's Value - Current Prices)	12.0	15.2	18.5	22.4
GDP (Constant Prices - % Change by Year)	3.2	4.5	5.5	2.0
Cost-of-Living Index (1975 = 100)	188.7	233.7	272.4	324.2

[redacted] The foreign sector is primarily responsible for the 1981 slowdown in Portuguese GNP growth to about 2 percent. Like other European currencies, the escudo weakened against the dollar in 1981, thereby hiking most import costs by 25 percent. High interest rates added $200 million to Lisbon's debt service, while slow growth and trade restrictions among Portugal's trading partners held down exports. A severe drought that ended in December added $500 million to the trade deficit by slashing agricultural and hydroelectric production. On the brighter side, minimum wage boosts and fears over nationalizations among the 800,000 Portuguese in France helped remittances top $3 billion in 1981. Overall, the current account deficit rose to $2.2 million. Given the rise in import costs, Lisbon could not cut the inflation rate, which rose 4 points to 19 percent. Moreover, slow growth kept the country from making any progress on the sizable unemployment and underemployment problems. 25X1

[redacted] The Portuguese economy should turn in a better performance in 1982. Exports and tourism earnings will improve as the other West European economies come out of the recession. With the end of the drought and the softness of the world oil market, the Portuguese oil import bill could fall by more than $500 million. So far, prospects are good for the 1982 harvest. 25X1 25X1

[redacted] The governing Democratic Alliance and the opposition Socialists consider EC membership to be the country's top foreign policy goal. In line with EC rules, the government wants to revise the Marxist constitution to allow private companies to compete against the public sector firms, which account for about 60 percent of industrial production. The government is also trying to trim subsidies to nationalized firms and to cut the state's role in economic decisionmaking. Negotiations with the European Community are continuing, with entry slated for 1984.

TRADE AND PAYMENTS (Billion $US, BOP Basis)	1978	1979	1980	1981*
Exports of Goods and Services	3.9	5.3	6.8	6.7
Imports of Goods and Services	6.0	7.9	10.9	12.0
Balance of Goods and Services	-2.1	-2.5	-4.1	-5.3
Current Account Balance	-0.5	-0.1	-1.1	-2.2
Long-Term Balance	1.0	1.4	1.7	1.8
Total Reserves Minus Gold (yearend)	0.9	0.9	0.8	0.5

* Estimated.

[redacted] 25X1

[redacted] 25X1

TURKEY: GENERAL ECONOMIC DATA

Population (1980): 45.36 Million GDP Purchaser's Value/Capita: $1,270

Total Output (Billion $US - 1981 Exch Rate)	1978	1979	1980	1981*
GDP (Purchaser's Value - Current Prices)	10.8	18.1	37.0	54.4
GDP (Constant Prices - % Change by Year)	3.6	-0.6	-1.0	4.4
Cost-of-Living Index (1975 = 100)	240	392	761	1047

[redacted] Turkey continues to make good progress in recovering from the chaos of two years ago when triple-digit inflation and severe shortages brought the economy almost to a standstill. Deputy Prime Minister Turgut Ozal -- author of the January 1980 stabilization program -- is still concentrating on slowing inflation and consolidating progress on the balance of payments, which improved markedly in 1981. To accomplish this, Ankara is keeping credit tight, devaluing the lira regularly, and allowing market forces to play a greater role. Recovery has also been greatly aided by the ban on strikes imposed by the military government in September 1980. 25X1

[redacted] Inflation has slowed dramatically to about 25-30 percent in 1981. The export boom that began in late 1980 continues, with exports soaring 62 percent to $4.7 billion in 1981. Import growth was lower, and the trade deficit narrowed marginally last year. With shortages eased, production has picked up; real GNP rose an estimated 4.4 percent in 1981, following two years of small declines. 25X1

25X1

[redacted] If the tight economic policies are maintained, as expected, inflation and the balance of payments should continue to improve. Because of the improvement, Turkey apparently will require little or no new program aid in 1982, although continued project aid will be crucial to Turkey's infrastructure development. On the negative side, Ankara has made comparatively little progress thus far in streamlining the inefficient and overstaffed State Economic Enterprises, and rapid labor force growth will keep unemployment in the 20-percent range for some time to come.

TRADE AND PAYMENTS (Billion $US, BOP Basis)	1978	1979	1980	1981*
Exports of Goods and Services**	3.1	3.3	4.2	6.7
Imports of Goods and Services**	5.4	6.1	9.2	11.6
Balance on Goods and Services**	-2.3	-2.8	-5.0	-4.9
Current Account Balance**	-1.2	-1.0	-2.8	-2.0
Long-Term Capital	0.3	-0.3	-0.3	-0.3
Total Reserves Minus Gold (yearend)	0.8	0.8	1.3	1.5

* Estimated.

** After debt relief.

[redacted] 25X1

25X1

GREECE: GENERAL ECONOMIC DATA

25X1

Population (1980): 9.6 Million GDP Purchaser's Value/Capita: $3,730

Total Output (Billion $US - 1981 Exch Rate)	1978	1979	1980	1981*
GDP (Purchaser's Value - Current Prices)	18.4	22.5	27.5	34.7
GDP (Constant Prices - % Change by Year)	6.4	3.7	1.9	1.0
Cost-of-Living Index (1975 = 100)	143	170	213	265

Real GDP growth continued to slow last year, despite a relaxation of austerity measures and a huge increase in the public sector deficit. The inflation rate was unchanged at 25 percent, and recorded urban unemployment remained low at less than 3 percent. 25X1

A slight decline in the 1981 trade deficit was more than offset by lower net invisibles, leading to a rise in the current account deficit to $2.4 billion. Shipping and emigrant remittances, along with private capital inflows, were lower in 1981 due partly to uncertainty over the outcome of last October's elections and high interest rates abroad. 25X1

The Socialist Party elected in October of 1981 inherited a troubled economy. Although Prime Minister Papandreau has moderated his radical campaign promises for nationalizations and renegotiation of EC membership, e remains committed to generous wage increases and increased government spending and regulation. The Socialists are pinning their hopes on a 5-year economic plan to be introduced at the end of this year, but interventionist policies are unlikely to slow inflation or revive investment and output. Serious balance-of-payments problems are unlikely this year, however, thanks to an expected inflow from the EC of some $700 million and a lower oil import bill.

TRADE AND PAYMENTS (Billion $US, BOP Basis)	1978	1979	1980	1981*
Exports of Goods and Services	5.9	7.7	8.4	9.2
Imports of Goods and Services	7.8	10.7	11.7	12.7
Balance of Goods and Services	-1.9	-3.0	-3.3	-3.5
Current Account Balance	-1.0	-1.9	-2.2	-2.4
Long-Term Capital	1.1	1.3	2.0	0.9
Total Reserves Minus Gold (yearend)	1.0	1.0	1.1	0.7

* Estimated.

25X1

[redacted] 25X1

SPAIN: GENERAL ECONOMIC DATA

Population (1981): 37.6 Million   GDP Purchaser's Value/Capita: $5,010

Total Output (Billion $US - 1981 Exch Rate)	1978	1979	1980	1981*
GDP (Purchaser's Value - Current Prices)	121.1	139.9	161.4	188.5
GDP (Constant Prices - % Change by Year)	2.6	0.6	1.5	1.1
Cost-of-Living Index (1975 = 100)	171.7	198.5	229.5	262.8

[redacted] The Spanish economy continues in the slump that has plagued t 25X1 country since 1974. A severe drought that ended in December cut agricultural and hydroelectric production, thereby slowing 1981 GDP growth by 1 percentage point. Although the peseta fell 25 percent against the dollar, it became increasingly overvalued against other European currencies during the year and, along with the economic slowdown in the OECD, softened demand for Spanish exports. Unemployment continued to rise, reaching 15.7 percent by the end of last year; most of the 2 million jobless are youths seeking their first jobs. Wage restraint by the unions and the overvaluation of the peseta allowed Madrid to trim inflation by 1 percentage point to 14.5 percent.

[redacted] Signs point to improved 3-percent GDP growth in 1982. Econom 25X1 recovery in the OECD should boost exports, particularly if the Bank of Spain allows the peseta to depreciate. Investment should post strong gains as recovery from a six-year investment slump picks up speed. Income from the World Cup soccer games this June is expected to add a full percentage point to growth. Government efforts to stimulate the economy before the elections expected this fall, will boost inflation but should also halt the rise in unemployment.

TRADE AND PAYMENTS (Billion $US, BOP Basis)	1978	1979	1980	1981
Exports of Goods and Services	22.3	29.9	34.2	26.5
Imports of Goods and Services	22.2	30.2	40.8	35.7
Balance of Goods and Services	0.1	-0.3	-6.6	-9.2
Current Account Balance	1.8	1.5	-4.6	-5.0
Long-Term Balance	1.6	3.1	4.2	4.6
Total Reserves Minus Gold (yearend)	10.1	13.2	11.9	10.8

* Estimated.

[redacted] 25X1